

## Message Text

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ACTION TRSE-00

INFO OCT-01 EA-07 ISO-00 EB-07 L-03 SSO-00 /018 W

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O 231256Z SEP 76

FM AMEMBASSY MANILA

TO SECSTATE WASHDC IMMEDIATE 615

LIMITED OFFICIAL USE MANILA 14682

E O 11652: N/A

TAGS: EFIN, RP

SUBJ: DRAFT TAX CONVENTION

REF: A. MANILA 14371; B. STATE 233517

1. EMBASSY OFFICERS DISCUSSED ARTICLE 9 WITH RP PANEL CHAIRMAN PIO DE RODA AND PANEL MEMBERS TOLEDO AND MONTEJO. WE POINTED OUT OBJECTIONS TO OPTIONS WHICH THEY PREVIOUSLY SUGGESTED (REF A). THEY ACCEPTED THAT SOLUTION WOULD HAVE TO BE SOUGHT ELSEWHERE.

2. TURNING TO OUR PREVIOUS PROPOSAL, EMBASSY OFFICERS STRONGLY URGED THAT US DRAFT OF PARAGRAPH 2 BE CAREFULLY CONSIDERED. RP PANEL MEMBERS CONTINUED TO BELIEVE, HOWEVER, THAT US PROPOSAL FOR PARAGRAPH 2 DOES NOT RPT NOT CLEARLY ENOUGH SPELL OUT THAT DOMESTIC LAW WILL APPLY. WE SUGGESTED SUBSTITUTE AS PRESENTED IN REFTEL B, WHICH WAS MORE APPEALING TO RP SIDE. PIO DE RODA ASKED IF INSERTION OF WORDS "IN ACCORDANCE WITH DOMESTIC LAWS" BETWEEN WORDS "TAX" AND "PROFITS" WOULD BE OBJECTIONABLE. EMBASSY OFFICERS STATED THAT THIS MIGHT BE ACCEPTABLE. RP PANEL MEMBERS AGREED TO PRESENT TWO OPTIONS -- OUR PREFERRED LANGUAGE AND THE NEWLY-PROPOSED PARAGRAPH -- TO SECRETARY VIRATA FOR DECISION.

3. TOLEDO CALLED BACK LATER TO REPORT THAT VIRATA REJECTED US PREFERRED LANGUAGE, BUT APPROVED NEW LIMITED OFFICIAL USE

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ALTERNATIVE, AS AMEMDED BY PIO DE RODA. PARAGRAPH 2

WOULD THUS REAS AS FOLLOWS:

"(2) NOTHING IN THE CONVENTION SHALL AFFECT THE  
RIGHT OF A CONTRACTING STATE TO TAX, IN ACCORDANCE  
WITH DOMESTIC LAWS, PROFITS DERIVED BY A RESIDENT OF  
THE OTHER CONTRACTING STATE FROM SOURCES WITHIN THE  
FIRST MENTIONED CONTRACTING STATE FROM THE OPERATION  
OF AIRCRAFT IN INTERNATIONAL TRAFFIC."

4. EMBASSY OFFICER INFORMED TOLEDO THAT WE WOULD  
REPORT PROPOSED LANGUAGE TO WASHINGTON.  
SULLIVAN

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** TAX AGREEMENTS, NEGOTIATIONS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 23 SEP 1976  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** ElyME  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
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**Executive Order:** N/A  
**Errors:** N/A  
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**Review Authority:** ElyME  
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